

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

PRINTING RESEARCH, INC.
AND HOWARD W. DEMOORE,

Plaintiffs,

v.

WILLIAMSON PRINTING
CORPORATION, BILL L. DAVIS and
JESSE S. WILLIAMSON,

Defendants.

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CIVIL ACTION NO. 3-99CV1154-D

DEFENDANTS' MOTION TO STAY

Defendants respectfully move the Court to enter an order staying this case pending completion of the reissue proceeding presently pending in the United States Patent and Trademark Office ("Patent Office") in regard to U. S. Patent No. 5,630,363, which is the subject matter of Plaintiffs' Original Complaint, and in support thereof would show the Court the following:

1. On May 20, 1997, U. S. Patent No. 5,630,363 ("the '363 patent") issued to Defendant Williamson Printing Company ("WPC"). The '363 patent designates Defendants Bill L. Davis and Jesse S. Williamson as the inventors.

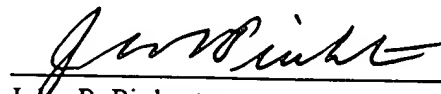
2. On May 20, 1999, WPC filed an application for reissue of the '363 patent under 35 U.S.C. § 251 and 37 C.F.R. § 1.171 in the Patent Office. The reissue application was filed by WPC without knowledge by any of the Defendants of the filing of this action by Plaintiffs on the same date.

3. The gravamen of Plaintiffs' Original Complaint is that Howard W. DeMoore is the sole inventor or, alternatively, a joint inventor of the invention of the '363 patent.

4. Defendants request the Court to stay this case to permit completion of the reissue proceedings in the Patent Office to determine whether the '363 patent will be reissued and, if so, the claims that will be allowed before the Court addresses the issue of inventorship of the claimed invention.

5. In support of their motion, Defendants have filed the Declaration of Robert Hardy Falk and their memorandum in support of the motion. A proposed order is also submitted herewith.

Respectfully submitted,



John P. Pinkerton
Texas State Bar No. 1601670
David P. Poole
Texas State Bar No. 16123750
Robert J. Ward
Texas State Bar No. 00791879
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ATTORNEYS FOR DEFENDANTS

09315796 050804
T08050" 96457E60

CERTIFICATE OF CONFERENCE

Pursuant to Local Rule 7.1(c), the undersigned hereby certifies that he conferred with Plaintiffs' counsel in regard to Defendants' Motion to Stay on June 11, 1999, and that an agreement could not be reached.

Signed this 11th day of June, 1999.



John P. Pinkerton

09315796-050804
T08050" 9625TE60

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Motion to Stay was served on Plaintiffs' counsel by placing a true and correct copy thereof in the United States Mail, postage prepaid, on the 11th day of June, 1999, addressed as follows:

William D. Harris, Jr.
LOCKE LIDDELL & SAPP, LLP
2200 Ross Ave., Suite 2200
Dallas, Texas 75201


John P. Pinkerton

091596-9645760

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CIVIL ACTION NO. 3-99CV1154-D

DECLARATION OF ROBERT HARDY FALK

I, Robert Hardy Falk, declare as follows:

1. I am an intellectual property attorney with the law firm of Falk and Fish, L.L.P. of Dallas, Texas. I am admitted to practice before the United States Patent and Trademark Office under Registration No. 27,877.


2. On May 20, 1999, I filed on behalf of Williamson Printing Corporation the Application for Reissue of U. S. Patent No. 5,630,363 Under 35 U.S.C. § 251 and 37 C.F.R. § 1.171. At the time this application was filed, I had no knowledge of the filing or existence of the captioned action.

3. Among other things, the reissue application seeks to reissue claims 29 and 34 of the '363 patent in amended form. The reissue application also seeks the issuance of additional apparatus

and method claims directed to the invention disclosed in the '363 patent.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on this 10th day of June, 1999, at Dallas, Texas.


Robert Hardy Falk

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Declaration of Robert Hardy Falk was served on Plaintiffs' counsel by placing a true and correct copy thereof in the United States Mail, postage prepaid, on the 11th day of June, 1999, addressed as follows:

William D. Harris, Jr.
LOCKE LIDDELL & SAPP, LLP
2200 Ross Ave., Suite 2200
Dallas, Texas 75201



John P. Pinkerton

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**DEFENDANTS' MEMORANDUM
IN SUPPORT OF MOTION TO STAY**

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091595-05031
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CIVIL ACTION NO. 3-99CV1154-D

**DEFENDANTS' MEMORANDUM
IN SUPPORT OF MOTION TO STAY**

Defendants submit this memorandum in support of their motion to stay this action based on the reissue proceeding concerning the patent-in-suit, U. S. Patent No. 5,630,363, which is presently pending before the United States Patent and Trademark Office ("Patent Office").

I.

BACKGROUND

This is an inventorship dispute concerning U. S. Patent No. 5,630,363 ("the '363 patent").

The '363 patent issued to Williamson Printing Corporation ("WPC") on May 20, 1997, and designates Bill L. Davis ("Davis") and Jesse S. Williamson ("Williamson") as the inventors. The patent is directed to a combined flexographic/lithographic printing process for printing a substrate in a continuous in-line process in which one of the stations prints using the flexographic process and at least one of the successive printing stations prints using the lithographic process. As issued, the '363 patent contains 41 claims. Claims 1-28 are apparatus claims directed to printing equipment for

using the combined flexographic/lithographic printing process. Claims 29-41 are method claims directed to the flexographic/lithographic printing process.

Earlier this year, WPC determined that it should file an application to reissue the '363 patent. Accordingly, WPC retained Robert Hardy Falk of the firm of Falk & Fish, L.L.P., to file and prosecute an application to reissue the '363 patent. On May 20, 1999, the reissue application was filed. Falk Declaration, ¶ 2. The reissue application seeks, among other things, to correct two of the issued claims and to add additional claims to fully protect the invention disclosed in the patent. Falk Declaration, ¶ 3. At the time the reissue application was filed, neither Mr. Falk nor any of the Defendants had knowledge of the filing or existence of the captioned action. See Falk Declaration, ¶ 2.

The basic claim in Plaintiffs' complaint is that Howard W. DeMoore is either the sole or joint inventor of the invention of the '363 patent. Pursuant to this claim, Count I of the complaint seeks correction of inventorship of the patent pursuant to 35 U.S.C. § 256. While the fundamental issue between the parties is inventorship, Plaintiffs peppered the complaint with a variety of other federal and state law claims, which, if not dismissed, will be resolved based on the issue of inventorship.

II.

THIS CASE SHOULD BE STAYED PENDING COMPLETION OF THE REISSUE PROCEEDINGS

A district court has inherent power to control the disposition of the cases on its docket in the manner which will promote economy of time and effort for itself, for counsel, and for litigants. *See Clintec Nutrition Co. v. Abbott Laboratories*, No. 94 C 3152, ___ F. Supp. ___, 1995 WL 228988 (N.D. Ill. April 14, 1995). The district court's power to control the disposition of the cases before it by the issuance of a stay is purposely broad, and is discretionary. *Id.* General considerations for

the issuance of a stay were set forth in *Fisher Controls Co. v. Control Components, Inc.*, where the Court stated the following:

The exertion of this power calls for the exercise of a sound discretion. Where it is proposed that a pending proceeding be stayed, the competing interests which will be affected by the granting or the refusal to grant a stay must be weighed. Among those competing interest are the possible damage which may result from the granting of a stay, the hardship or inequity which a party may suffer in being required to go forward, and *the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay.*

443 F. Supp. 581 (S.D. Iowa 1977) (emphasis added).

Under 35 U.S.C. §251, the owner of a patent has the right to "reissue the patent for the invention disclosed in the original patent . . . for the unexpired part of the term of the original patent." On March 1, 1977, rules concerning reissue applications were placed into effect by the U.S. Patent and Trademark Office ("the Patent Office"). See 37 C.F.R. §§1.171-1.179 (1978). The introduction to the announcement of the adoption of these rules states that "[a] Federal Court may, if it chooses, stay proceedings during the pendency of the reissue application." *Fas-Line Sales & Rental, Inc. v. E-Z Lay Pipe Corp.*, ___ F. Supp. ___, 203 U.S.P.Q. 497, 498 (W.D. Okla. 1979) (citing 955 Off. Gaz. Pat. Office 1054 (February 22, 1977)). The 1977 Rules are a major change in the law.

Over the years, many federal courts have granted stays of limited duration pending the outcome of a reissue application. See, e.g., *ASCII Corp. v. STD Entertainment USA, Inc.*, 844 F.Supp. 1378 (N.D. Cal. 1994); *Rohm and Haas Co. v. Mobil Oil Corp.*, 462 F. Supp. 732 (D. Del. 1978); *PIC, Inc. v. The Prescon Corp.*, 77 F.R.D. 678 (D. Del. 1977); *Fisher Controls Co. v. Control Components, Inc.* 443 F. Supp. 581 (S.D. Iowa 1977); *Choat v. Rome Indus., Inc.*, 480 F. Supp. 387 (N.D. Ga. 1979); *Fas-Line Sales & Rental, Inc. v. E-Z Lay Pipe Corp.*, ___ F. Supp. ___, 203

U.S.P.Q. 497 (W.D. Okla. 1979); *Sauder Industries, Inc. v. The Carborundum Co.*, ___ F. Supp. ___, 201 U.S.P.Q. 240 (N.D. Ohio 1978).

Thus, as indicated in the announcement of the adoption of the Patent Office 1977 rules, and as indicated in the above-cited precedent, this Court should exercise its power to stay this action pending reissue of the '363 patent through its inherent power to control the disposition of cases before it.

A. All Parties and the Court Will Benefit From a Stay

The *Fisher Controls* case sets out several distinct advantages in staying patent litigation for the purpose of allowing the Patent Office to complete its examination of a reissue application. The advantages as stated are:

1. All prior art presented to the Court will have been first considered by the Patent Office, with its particular expertise.
2. Many discovery problems relating to prior art and inventorship can be alleviated by the Patent Office examination.
3. The requested stay will avoid concurrent litigation of the same issues before both the Patent Office and this Court.
4. The outcome of the reissue proceeding may encourage a settlement without the further use of the court.
5. The record of the reissue proceeding would likely be entered at trial, thereby reducing the complexity and length of the litigation.
6. Issues, defenses and evidence will be more easily limited in pretrial conferences after the reissue proceeding is complete.
7. The cost will likely be reduced both for the parties and the Court.

See Fisher Controls v. Control Components, Inc., 443 F. Supp. at 582.

This case should be stayed in accordance with the advantages outlined above. First, this Court will obtain the benefit of the Patent Office's expertise in evaluating the '363 patent against the

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prior art of record and any inventorship issues, including any claims that may be submitted by Plaintiffs. In addition, a stay by this Court pending reissue of the '363 patent will give this Court the benefit of reviewing the opinions of seasoned examiners regarding the validity of the '363 patent, if such issues are raised by Plaintiffs or others. *See Dresser Industries, Inc. v. Ford Motor Co.*, 530 F. Supp. 303, 211 U.S.P.Q. 1114 (N.D. Tex. 1981) (the major benefit of staying litigation pending reconsideration of a patent under a reissue proceeding "is that it affords the Court the assistance of the Patent Office's specialized expertise on technical questions of validity"). If the '363 patent is reissued as valid, the record of examination will be available and will likely be introduced at trial giving this Court the benefit of the Patent Office's expertise and thereby reducing the complexity and length of the trial. If, on the other hand, the claims of the '363 patent are held invalid by the Patent Office, this suit will be moot and can be dismissed. The outcome of the reissue may also encourage settlement between Plaintiffs and Defendants. In either case, the burdens of the litigation will likely be reduced for all parties and for the Court.

The claims of a patent "define the invention for the purpose of determining infringement, that is, what constitutes the patented invention which persons cannot make, use or sell without the authority of the patent owner." 2 Chisum, *Patents* §8.01 (1990); *See also SR Intern v. Matsushita Elec. Corp. of America*, 775 F.2d 1107, 1121 (Fed. Cir. 1985) ("It is the claims that measure the invention.") ("The function of the claims is . . . (b) to define the scope of protection afforded by the patent."). In essence, the filing of the reissue application renders the present action premature because the claimed subject matter has not been finally determined. *See, Spectronics Corp. v. H. B. Fuller & Co.*, 940 F.2d 631 (Fed. Cir. 1991).

Importantly, it makes no sense for this court to adjudicate the inventorship of the old and new claims of the '363 without the Patent Office determining which claims are patentable and in what

form. It is in the practical interest of the parties and the Court to stay this action because inventorship will need to be determined with respect to claims issued pursuant to the reissue proceedings. The scope of the reissue claims that may issue is "something totally unforeseeable," *State Indus., Inc. v. A. D. Smith Corp.*, 751 F.2d 1226, 1236 (Fed. Cir. 1985), and is inherently uncertain." *Id.* at 1236. New art may surface during the reissue proceeding rendering some or all of the reissue claims unpatentable. The reissue claims may be amended to avoid the new art. "Reissue is essentially a reprosecution of all claims. For example, original claims which a patentee wants to maintain unchanged may nevertheless be rejected on any statutory ground." *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 882 F.2d 1556, 1563 (Fed. Cir. 1989).

In summary, the reissue proceedings will define the '363 patent claims and what constitutes the "patented invention." This Court should refrain from conducting further proceedings in this case until the claims of the '363 patent are finally determined and defined pursuant to the reissue proceedings in the Patent Office.

B. Under Patent Office Rule 176 and the Internal Guidelines of the Patent Office, Reissue Proceedings are "Special" and Accelerated

The present rules (effective December 1, 1997) pertaining to reissue applications continue to provide several advantages over original application procedures that are beneficial to parties involved in an infringement suit. A first advantage is the expediency with which the examination of the reissue application is accomplished by the Patent Office. Under current 37 C.F.R. §1.176 (1999), it is stated that applications for reissue are to be acted on by the examiner "in advance of other applications" thus giving substantial priority to reissue applications. In addition to the priority given to reissue applications, the rules provide public participation by allowing interested third parties to send in a protest to the reissue, such as by citing prior art to the Patent Office and

providing any other information which could lead to a proper rejection by the examiner. 37 C.F.R. §1.291 (December 1, 1997). Plaintiffs will be invited to participate in the '363 patent reissue proceeding by submitting to the Patent Office any information they consider to be relevant.

Under the guidelines provided by the Patent Office to its examiners in the Manual of Patent Examining Procedure, the Patent Office gives "top priority" to reissue applications, which are already deemed "special," for patents involved in litigation that has been stayed by a court pending such reissue. The Patent Office may even waive the two-month delay period for publication of the reissue in the official Gazette under Rule 176. See U. S. Patent and Trademark Office, Manual of Patent Examining Procedure, § 1442.01 (July 1998). *In such cases, the office normally gives applicants only one month to respond to Office Action(s) (rejections, etc.).* See M.P.E.P. § 1442.01.

There is no doubt as to the existence of special monitoring systems being in effect in the Patent Office concerning reissues involved in stayed litigation:

All reissue applications, except those under suspension because of litigation, will be taken up for action ahead of other "special" applications; this means that all issues not deferred will be treated and responded to *immediately*. Furthermore, reissue applications involved in "stayed litigation" will be taken up for action in advance of other reissue applications. Great emphasis is placed on the expedited processing of such reissue applications. The courts are especially interested in expedited processing in the Office where litigation is stayed.

In reissue applications with "stayed litigation," the Office will entertain petitions under 37 CFR 1.183, which are accompanied by the fee under 37 CFR 1.17(h), to waive the 2-month delay period under 37 CFR 1.176. Such petitions are decided by the Office of the Deputy Assistant Commissioner for Patent Policy and Projects.

Time-monitoring systems have been put into effect which will closely monitor the time used by applicants, protestors, and examiners in processing reissue applications of patents involved in litigation in which the court has stayed further action. Monthly reports on the status of reissue applications with related litigation are required from

each Examining Group. Delays in reissue processing are to be followed up. The Group Special Program Examiner is responsible for oversight of reissue applications with related litigation.

The purpose of these procedures and those deferring consideration of certain issues, until all other issues are resolved or the application is otherwise ready for consideration by the Board of Patent Appeals and Interferences (note MPEP § 1448), is to reduce the time between filing of the reissue application and final action thereon, while still giving all parties sufficient time to be heard. (Emphasis, original)

M.P.E.P. § 1442.03, "Litigation Stayed."

C. Plaintiffs Will Not be Prejudiced by a Stay of This Action

The facts of this case are similar to another case in which a stay was granted, *PIC, Inc. v. Prescon Corporation*, 77 F.R.D. 678 (D. Del. 1977). In *PIC, Inc.*, the stay of proceedings was granted since the case had been recently filed and little discovery had been completed. In reaching this result, the Court made the following comments:

The tremendous amounts of time, money and energy usually expended in discovery and trial preparation in patent cases have not as yet been incurred in this case. If the Patent Office refuses to reissue the patent on the ground that it is invalid, both parties as well as the Court will realize significant savings. If the Patent Office concludes that the patent is still valid, all concerned will gain the benefit of the expertise the Patent Office will bring to bear on its analysis.

77 F.R.D. at 681

Since the case at bar has only recently been filed and absolutely no formal discovery has occurred to date, Plaintiffs will not be prejudiced by a stay of this action. Moreover, under the revised Patent Office guidelines, reissue applications that involve stayed litigation are considered by the Patent Office in advance of all other reissue applications, thereby expediting the reissue process and minimizing the delay in the stayed litigation. See *Fas-Line Sales & Rental, Inc. v. E-Z Lay Pipe Corp.*, 203 U.S.P.Q. at 499. On the other hand, should the Court deny this motion to stay,

all parties and the Court will be subject to the burden of further proceedings in regard to claims of the '363 patent. Therefore, waste of the Court's and the parties' time and resources can be avoided and significant advantages can be gained, without prejudice to Plaintiffs, by a stay of this case during the reissue proceedings.

III.

CONCLUSION

For the foregoing reasons, Defendants respectfully request that this Court issue a stay of all proceedings in this case pending completion of the Patent Office reissue proceedings relating to the '363 patent.

Respectfully submitted,



John P. Pinkerton
Texas State Bar No. 1601670
David P. Poole
Texas State Bar No. 16123750
Robert J. Ward
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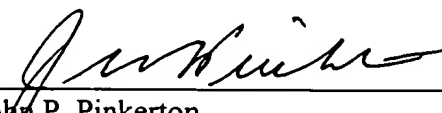
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I hereby certify that the foregoing Defendants' Memorandum in Support of Motion to Stay was served on Plaintiffs' counsel by placing a true and correct copy thereof in the United States Mail, postage prepaid, on the 11th day of June, 1999, addressed as follows:

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John P. Pinkerton

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ORDER

Having considered Defendants' motion to stay, and the briefs of the parties in support of and in opposition to the motion, the Court finds that the motion should be granted and it is, therefore,

ORDERED that all proceedings in this action are stayed until the completion of the proceedings in the United States Patent and Trademark Office relating to the Application for Reissue of U. S. Patent No. 5,630,363 Under 35 U.S.C. § 251 and 37 C.F.R. § 1.171 filed by Williamson Printing Corporation on May 20, 1999.

Signed on this ____ day of June, 1999.

UNITED STATES DISTRICT JUDGE

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INTRODUCTION

PLAINTIFFS' RESPONSE TO
MOTION TO STAY
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The proper way to correct such an error regarding inventorship of an issued patent, when that inventorship is contested, is provided by Section 256 of Title 35 of the United States Code. Section 256 give the federal courts (not the PTO) this power of correction, and reads as follows:

Sec. 256. Correction of named inventor

Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.

The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Commissioner shall issue a certificate accordingly.

35 U.S.C. § 256 (emphasis added). It should be noted that the first paragraph of Section 256 gives the Commissioner of Patents only the power to correct inventorship with “the agreement of all the parties.” On the other hand, the second paragraph of Section 256 provides United States District Courts as a forum to settle controversies of ownership. It is in reliance on Section 256 and this mechanism for correcting inventorship that Plaintiffs now seek relief in this Court.

Plaintiffs have also alleged additional claims in this suit arising out of the Defendants’ fraudulent procurement of the ‘363 patent, including conversion, breach of contract, and most importantly for the purposes of this response, tortious interference with business opportunities.

In response to this suit, Defendants have moved for a stay of these proceedings pending the conclusion of a reissue patent application filed by Defendants on the same day this suit was filed. Defendants have supported their motion by touting a laundry list of “advantages” that will

purportedly be realized by this Court as a result of the stay, and by arguing that Plaintiffs will not be prejudiced by the stay. However, as explained in further detail below, Defendants "advantages" are in fact those potentially realized through stays in patent *infringement* litigation, and are irrelevant to the Section 256 action currently before the Court. Further, Defendants' contention that Plaintiffs will not be "prejudiced" by a stay is self-serving and wholly inaccurate. For these reasons, a stay in these proceedings is not justified and nothing whatsoever would be resolved by it that is at all germane to this action. Defendants' motion should be denied.

STATEMENT OF FACTS

DeMoore has developed, marketed and sold innovative equipment and supplies for the printing industry for over thirty years, and is the founder and current chairman of Plaintiffs Printing Research, Inc. ("PRI"). During 1994 and 1995, DeMoore conceived and developed an improved printing system which was termed the "Lithoflex" system. The Lithoflex system uses single-pass printing process and apparatus having successive printing stations for selectively applying printing inks and coatings to paper and other substrates, in which one of the stations utilizes a flexographic¹ process and at least one of the successive stations utilizes a lithographic² process. Plaintiffs further developed a commercial apparatus, termed a printer/coater unit, for use with existing printing presses, which would allow those printing presses to utilize the Lithoflex system. PRI is licensed under all of DeMoore's rights to the inventions represented by the Lithoflex system and the printer/coater unit.

In November, 1994, PRI contacted WPC, a source of commercial printing services, and provided WPC with information regarding the Lithoflex system and the printer/coater units. PRI initiated these contacts because: (1) WPC possessed certain large printing presses which

¹ A rotary letterpress process printing from rubber or flexible plates and using fast drying inks.

Plaintiffs wished to utilize in further testing and fine-tuning of Lithoflex system components; and (2) PRI recognized WPC as a potential customer for Lithoflex system components, including the printer/coater units. Subsequently, PRI revealed further details of the Lithoflex system to WPC, and demonstrated the operation of Lithoflex system components to representatives of WPC, including David and Williamson (the named inventors of the '363 patent).

Following this demonstration, WPC and PRI entered into a purchase agreement, whereby PRI agreed to sell several printer/coater units to WPC and install the same on WPC presses. Under the terms of the agreement, WPC would pay reduced prices for the printer/coater units and installation in exchange for allowing PRI access to WPC's presses for further testing and fine-tuning of the Lithoflex system.

Unknown to Plaintiffs, however, Defendants had initiated a scheme to obtain rights to the Lithoflex system far broader than those permitted under the purchase agreement. On August 14, 1995, prior to the installation of the printer/coater units on the WPC presses but following PRI's disclosure and demonstration to WPC of the details of the Lithoflex system, Defendants filed U.S. Application Serial No. 515,097 ("the '097 application") for a "Combined Lithographic/Flexographic Printing Apparatus and Process." The '097 application named only Davis and Williamson as inventors, and they assigned it to WPC. The '097 application issued to WPC as the '363 patent and describes and claims the Lithoflex system of DeMoore. These events occurred without the knowledge of DeMoore or PRI, and it is the '363 patent that is now the subject of this suit for correction of inventorship under Section 256.

Plaintiffs were rudely awakened to the existence of the '097 application and the '363 patent in December of 1998, when the potential sale of Lithoflex system components and

² A printing process using a chemically-coated plate whose image areas attract ink and whose non-image areas repel ink.

supplies to Hallmarks Cards, Inc. ("Hallmark") were scuttled by the customer's discovery of the '363 patent during a routine patent search. Fearing liability for infringement of the '363 patent after its discovery, Hallmark was unwilling to purchase the Lithoflex system components and supplies. Thus Defendants' wrongful acquisition of the '363, which embodies the invention of DeMoore, has caused lost sales and damages to Plaintiffs.

Section 256 of Title 35 of the United States Code provides the sole mechanisms for correcting inventorship in issued patents. Section 256 permits the Commissioner of the PTO to issue a certificate of correction regarding inventorship: (1) "on application of all the parties and assignees"; or (2) upon court order. The "parties" being adverse in this action, an "application of all the parties" can not occur and court action becomes a prerequisite for correction of inventorship. Plaintiffs have filed this suit under Section 256 to obtain a court order directing such correction, and thereby rectify the inventorship and ownership of the '363 patent.

ARGUMENT AND AUTHORITIES

This Court has the inherent power to control the disposition of the cases on its docket. *L.E.A. Dynatech Inc. v. Allina*, 49 F.3d 1527, 1530 (Fed. Cir. 1995). However, when considering whether to grant or deny a stay of litigation "a district court must evaluate the possible damage, hardship and inequities to the parties to the lawsuit and the relationship of the stay to the fulfillment of judicial objectives of simplification of the issues in question and trial of the case." *United Sweetener USA Inc. v. Nutrasweet Co.*, 766 F. Supp. 212, 217, 19 U.S.P.Q.2d 1579 (D. Del. 1991). In the instant case, where the litigation to be stayed is a suit for correction of inventorship under Section 256, and the stay relates to a reissue application for the patent whose inventorship is at issue, the hardship and inequities to the parties coupled with reissue

proceedings inability to substantially aid this Court, argue strongly against the imposition of a stay.

A. *The Lack of Advantages Should the Stay be Granted*

The issuance of a stay of a Section 256 pending completion of reissue proceedings offers no advantages to Plaintiffs or this Court. Indeed, the only advantage offered by a stay is the delay realized by Defendants and its consequence of undermining the very purpose of a Section 256 action.

Defendants have offered a list of potential "advantages" which would purportedly result from their requested stay,³ as well as a mass of authority purportedly on similar perceived advantages to support the imposition of a stay.⁴ However, each of the Defendants' cited decisions relate to a stay of patent *infringement* litigation, and each of the "advantages" cited (many of which are extracted from the cited patent infringement cases) cannot be properly applied to the instant litigation.

The instant suit centers around an attempt to correct inventorship under Section 256. As such, the task of this Court at trial would be to determine who, among the Defendants and Plaintiffs, actually invented the claimed invention of the '363 patent.

The nature of reissue proceedings is not to "try" the issue of inventorship. Instead, the PTO reviews the claims of reissue applications for patentability in view of the prior art (i.e. novelty and nonobviousness), and for proper support (e.g. enablement) from the initial disclosure of the original patent (such as the '363 patent). If those substantive requirements are met, the

³ DEFENDANTS' MEMORANDUM IN SUPPORT OF MOTION TO STAY, at 2 (citing *Fisher Controls Co. v. Control Components, Inc.*, 443 F. Supp. 581, 582 (S.D. Iowa 1977)).

⁴ DEFENDANTS' MEMORANDUM IN SUPPORT OF MOTION TO STAY, at 4 (citing *ASCII Corp. v. Mobil Oil Corp.*, 462 F. Supp. 732 (D. Del. 1978); *PIC, Inc. v. The Prescon Corp.*, 77 F.R.D. 678 (D. Del. 1977); *Fisher Controls Co. v. Control Components, Inc.*, 443 F. Supp. 581 (S.D. Iowa 1977); *Choat v. Rome Indus. Inc.*, 480 F. Supp. 387 (N.D. Ga. 1979); *Fas-line Sales & Rental, Inc. v. E-Z Lay Pipe Corp.*, ___ F. Supp. ___, 203 U.S.P.Q. 497 (W.D. Okla. 1979); and *Sauder Indus., Inc. v. The Carborundum Co.*, ___ F. Supp. ___, 201 U.S.P.Q. 240 (N.D. Ohio 1978)).

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PTO will grant a reissue patent without any inquiry into whether the named inventors were actually responsible for the conception or reduction to practice of the claimed subject matter. Thus it is not surprising that the declaration of Mr. Falk, counsel for WPC in the reissue proceeding, makes no mention of correcting inventorship, but instead indicates that the purpose of WPC's reissue application was to amend two (2) of the '363 patent's forty-one (41) claims as well as to add additional claims.⁵

Not surprisingly, the "expertise" of the PTO in reissue proceedings lies in the classic questions of patentability over prior art, such as obviousness and novelty, around which PTO examination normally extends regarding both normal and reissue patent applications. This expertise may admittedly be useful to federal courts engaged in similar examinations, such as invalidity determinations in patent infringement suits, which turn on the same issues of obviousness and novelty.⁶ However, the PTO, by its own rules, will not address fraud or inequitable conduct and therefore cannot pursue an inventorship inquiry on the facts alleged in this complaint. *See*, Manual of Patent Examining Procedure ("MPEP") § 1448 (7th ed. 1998) (attached hereto as Exhibit "A").

The court won't have this. In fact, the PTO does not even possess an *inter partes* procedure under which such questions could be addressed. Thus the advantages cited by Defendants to support their motion for stay, though potentially applicable to patent infringement suits, are not applicable to this litigation under 35 U.S.C. § 256. Each of Defendants' purported advantages are addressed below.

⁵ DECLARATION OF ROBERT HARDY FALK, at ¶ 3.

⁶ *See*, Defendants' authority of n. 1, *supra*, and Defendants' listed advantages.

This is not really a patent infringement case at all, and just to be certain there is no confusion concerning "patent infringement", Plaintiffs are dismissing their Count II, of their own motion as well as to meet the request of Defendants' counsel that it be dismissed.

Defendants' No. 1: All prior art presented to the Court will have been first considered by the Patent Office, with its particular expertise.

This statement is incorrect. Though the PTO most likely would consider prior art in a reissue proceeding involving the '363 patent, the prior art would be examined from a validity/patentability perspective (i.e. regarding obviousness and novelty), and not from an inventorship perspective. Those two perspectives are quite different, and the PTO's validity "expertise" would be of no aid to this Court.

Defendants' No. 2: Many discovery problems relating to prior art and inventorship can be alleviated by the Patent Office examination.

It is unclear how discovery problems regarding "inventorship" could be alleviated by reissue proceedings when the PTO does not normally address inventorship in such proceedings. Moreover, the PTO does not permit discovery. The PTO possesses no mechanism to locate information relevant to the central inventorship issue of who contributed what to the subject matter of the '363 patent. Even the patent infringement case cited by Defendants in support of this "advantage" makes no mention of discovery problems relating to "inventorship." See, *Fisher Controls Co. v. Control Components, Inc.*, 443 F. Supp. 581 (S.D. Iowa 1977).

Defendants' No. 3: The requested stay will avoid concurrent litigation of the same issues before both the Patent Office and this Court.

First, little overlap may occur between a §256 action and normal reissue proceedings, as the PTO would not normally address the issue of inventorship which lies at the core of this action. Second, if there is an overlap in issues between the instant litigation and the reissue proceedings, as suggested by Defendants, the PTO will automatically stay the reissue

proceedings pending the conclusion of this litigation, unless the Defendants requests otherwise.
MPEP § 1442.04 (attached hereto as Exhibit "B").

Defendants' No. 4: The outcome of the reissue proceedings may encourage a settlement without further use of the court.

The reissue proceedings under our opponent's direction will terminate either in an invalidated patent or a reissued patent to which Plaintiffs would still properly maintain a claim of ownership. Though one of those two scenarios would deprive Plaintiffs of valuable property rights, neither scenario will modify the Plaintiffs' belief in the propriety of their claims and thereby encourage settlement. This is especially true where, in a normal reissue proceeding, no investigation into inventorship is performed.

Defendants' No. 5: The record of the reissue proceeding would likely be entered at trial, thereby reducing the complexity and length of the litigation.

The record of a normal reissue proceeding will not be of significant aid to the Court where inventorship is not addressed by the PTO, and therefore will not reduce "the complexity and length of the litigation." All that would be obtained is prior art and recordations of arguments by and between the Defendants and the PTO examiner about how that prior art relates to the patent claims at issue. That is unrelated to the issue here.

Defendants' No. 6: Issues, defenses and evidence will be more easily limited in pretrial conferences after the reissue proceeding is complete.

Reissue proceedings are unlikely to limit the issues, defenses and evidence in this suit because the reissue proceedings do not address the underlying issue of inventorship. Those issues presently before this Court would merely return, rather aged but undiminished, after the reissue proceedings were complete. This delay would prejudice Plaintiffs in permitting the wrong inventorship to control the reissue it has filed and in delaying the exercise by Plaintiffs of its right to exclude infringers under the patent.

Defendants' No. 7: The cost will likely be reduced both for the parties and the Court.

Reissue proceedings will only increase the cost for the parties. The dispute before this Court would continue after the reissue proceedings were complete, with no issues having been resolved and with considerable expense having been incurred in the interim.

Defendants provide a more lengthy discussion of two particular "advantages." First, Defendants argue that reissue proceedings will provide valuable insight into the validity of the '363 patent. Next, the Defendants argue that the inventorship of the claimed subject matter of the '363 patent can not be known until after completion of the reissue proceedings, as the final scope of the invention-defining claims cannot be known until after the completion of those proceedings. Neither of Defendants' expanded theories support the issuance of a stay.

Defendants are entirely correct that the reissue proceedings will focus heavily on the question of validity. As stated above, however, it is the question of inventorship, and not validity, on which this Court's determinations will turn. Plaintiffs' do not attack the '363 patent's validity and the validity of the '363 patent is not at issue in this action. Indeed, Plaintiff's to not "attack" the '363 patent at all – we only seek to correct the patent's inventorship, and only under Section 256. After all, why would Plaintiffs' seek to damage a patent which rightfully belongs to them? And the outcome of a reissue proceeding guided by the adversary would have a suspicious outcome, or at least one controlled by the wrong party.

Returning to the propriety of a stay, it makes little sense for this Court to allow a party to subject the '363 patent to reissue proceeds prior to this Court's determination of who actually is the rightful owner of that patent. A court issuing a stay in such a scenario risks permitting an improper assignee of a fraudulently named inventor the freedom to play with other peoples' intellectual property rights. In a worst case scenario, the improper assignee or fraudulently

named inventor might even manage to invalidate the patents claims and forever strip the legitimate inventor of any hope of reclaiming his or her misappropriated rights. Plaintiffs does not seek to invalidate the '363 patent through this Section 256 action, but rather seeks to transfer title to that patent to its rightful owners. Thus, contrary to Defendants' assertions, the risk of an invalidity finding argues against, and not in favor of, the imposition of a stay.

The nature of reissue proceedings also belie Defendants assertions that inventorship cannot be determined until after the reissue proceedings define the final claim language and thus the invention claimed. Though Defendants were statutorily required to "offer" to surrender the '363 patent at the conclusion of the reissue proceedings, Defendants still now possess a valid patent having fixed claim language and thus a defined invention. This Court is free to base its Section 256 determinations on the existing language of the claims.⁷ Following the completion of this action and correction of the inventorship of the '363 patent, Plaintiffs may then reconsider whether or not (or how) to proceed with the reissue.

Further, any amendments to the claim language entered during the reissue proceedings cannot legitimately affect the inventive entity of the '363 patent. Defendants argument is inherently premised on the concept that the inventive entity of the '363 patent might change as a result of differences between the claimed invention of the '363 patent and that ultimately issued (if any) as a result of Defendants' reissue proceedings. If such a change in inventorship were to occur, however, the reissue application could not be properly granted, as: (1) the PTO possesses neither the power nor the mechanisms to correct inventorship in a reissue application without a court order or an "agreement of all the parties" (which Defendants to not possess) (*see*, 35 U.S.C. § 256); and (2) without such correction of inventorship, the PTO cannot properly grant a patent

bearing incorrectly named inventors. *See, Pointer v. Six Wheel Corp.*, 177 F.2d 153, 157, 83 U.S.P.Q. 43, 47 (9th Cir. 1949) (" [I]t has been held repeatedly that a valid patent can only be granted to the real inventor") (cited in *Pannu v. Iolab Corp.*, 155 F.3d 1344, 47 U.S.P.Q.2d 1657 (Fed. Cir. 1998)).

Even were the PTO to desire to address the issue of inventorship, the PTO does not possess the ability to perform such an inquiry. First, reissue prosecution is an *ex parte* proceeding, and third-party participation in such proceedings is extremely limited. Third parties (such as Plaintiffs) sole avenue of participation in reissue proceedings is through a single "Protest" (a single initial filing, in fact) and following the filing of that Protest are allowed no further participation in the proceedings.⁸ 37 CFR 1.291. Second, the PTO possesses no mechanism to obtain non-prior art information relevant to the inquiry other than Plaintiffs' potential Protest and/or papers filed in this action and delivered to the PTO by Defendants. Third, the PTO is barred from even considering fraud, inequitable conduct, or duty of disclosure issues (which constitute key issues in this action) in a reissue proceeding, even when such issues are highlighted via a Protest. *See*, MPEP §1448 (Exhibit "A").⁹ Under such limitations an inventorship inquiry during reissue proceedings is simply not possible. Inventership determinations, when contested, require discovery and examination of witnesses--something of course absent in reissue proceedings.

⁷ Further, the automatic stay that will be imposed by the PTO in the reissue proceedings (barring Defendants' request otherwise) will ensure that no new claim language will develop during this litigation to further complicate matters.

⁸ Interestingly, though Defendants indicated to this Court that Plaintiffs would be "invited" to participate in the reissue proceedings, they neglected to mention the extremely limited scope of participation allowed by the PTO.

⁹ When confronted with such a scenario the PTO itself would almost surely conclude that, as with questions of fraud and inequitable conduct, it simply does not possess the proper tools to conduct such an inquiry, and would therefore avoid review of the controversy.

B. Plaintiffs' Abundant Prejudice Should the Stay be Granted

Through their motion, Defendant has audaciously contended that Plaintiffs will not be prejudiced by the proposed stay, since valuable saving of time, money, and effort may be avoided if reissue fails, and since all will gain the benefit of the Patent Office's expertise if the patent is reissued. DEFENDANTS' MEMORANDUM IN SUPPORT OF MOTION TO STAY, at 8-9. Nothing could be further from the truth as, whatever the outcome of the reissue proceedings occurring during such a stay, Plaintiffs will suffer significant injury.

If the '363 patent is held invalid and is not reissued as a result of the PTO proceedings, then valuable property rights that rightfully belong to Plaintiffs will be lost forever in a proceeding over which Plaintiffs had no control. If the '363 patent does reissue, then Plaintiff's will have gained nothing, as the PTO's valuable expertise on the subject of the '363 patents validity (and the reissue claims patentability) has no bearing on the inventorship of the '363 patent. See Section "A" above. Instead, Plaintiffs will only have remained foreclosed during the reissue proceedings from realizing the benefits of its own invention, and will experience continued loss of business opportunities with potential customers who cannot risk expose to liability to Defendants. Plaintiffs have already experienced at least one such loss with regard to Hallmark, and should not be subjected to further losses pending the outcome of reissue proceedings unnecessary and only slight relevant to this litigation. Though Defendants go to great lengths to describe how their reissue application will be treated as "special" by the PTO and thus delay these proceedings less than a traditional reissue application, those arguments are beside the point; besides, reissue proceedings can linger in excess of two years despite "special" status. See, e.g., U.S. Patent No. Re. 36,066 (reissue application filed on August 1, 1995, and reissue patent issued n January 26, 1999, despite "special" status) (the front page of which is

attached as Exhibit "C"). An unjustified stay cannot become justified simply because the injustices endemic to the stay become slightly shorter lived.

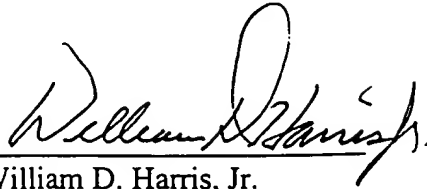
C. Defendants' Lack of Prejudice Should the Stay be Denied

Finally, Defendants can point to no prejudice which they might experience in the absence of a stay which might justify a stay's imposition. WPC will remain in possession of the '363 patent during this litigation, and will retain following this litigation whatever ability it now possesses to change the claims of the '363 patent through the reissue proceedings (assuming, of course, that Defendants first succeed in this litigation). WPC indeed has the power to bring an infringement suit under the '363 patent, even while in reissue.

CONCLUSION AND PRAYER

In balancing the lack of prejudice to Defendants should a stay be denied, the prejudice to the Plaintiffs should a stay be granted, and the lack of any assistance which the reissue proceedings might offer the Court in its determinations in this suit, Defendants' requested stay cannot be justified. For the foregoing reasons, Plaintiffs respectfully request that this Court deny Defendant's Motion for Stay and thereby refuse to issue a stay of all proceedings in this case pending completion of the PTO's reissue proceedings relating to the '363 patent.

Respectfully submitted:



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CERTIFICATE OF SERVICE

I hereby certify that the foregoing PLAINTIFFS' RESPONSE AND MEMORANDUM IN OPPOSITION TO DEFENDANTS' MOTION TO STAY, was served on Defendants' counsel by placing a true and correct copy thereof in the United States Mail, postage prepaid, on the 2nd of July, 1999, addressed as follows:

John P. Pinkerton
WORSHAM, FORSYTHE & WOOLDRIDGE, L.L.P.
1601 Bryan, 30th Floor
Dallas, Texas 75201


W. Edward Woodson

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Because the amendment seeks to correct an error in the patent, the amendment will affect the disclosure, the scope of a claim, or add a claim. Thus, in accordance with MPEP § 714.16, the remarks accompanying the amendment must fully and clearly state:

- (A) why the amendment is needed;
- (B) why the proposed amended or new claims require no additional search or examination;
- (C) why the claims are patentable; and
- (D) why they were not presented earlier.

A supplemental reissue oath/declaration must accompany the amendment. The supplemental reissue oath/declaration must state that the error(s) to be corrected arose without any deceptive intention on the part of the applicant. The supplemental reissue oath/declaration submitted after allowance must be directed to the error(s) applicant seeks to correct after allowance. This oath/declaration need not cover any earlier errors, since all earlier errors should have been covered by a reissue oath/declaration submitted prior to allowance.

Occasionally an error to be corrected after allowance does not include an amendment of the specification or claims of the patent. For example, the correction of the error could be the filing of a certified copy of the original foreign application to obtain the right of foreign priority under 35 U.S.C. 119 (see *Brenner v. State of Israel*, 400 F.2d 789, 158 USPQ 584 (D.C. Cir. 1968)). In such a case, the requirements of 37 CFR 1.312 must still be met. This is so, because the correction of the patent is an amendment of the patent, even though no amendment is physically entered into the case. Thus, for a reissue oath/declaration submitted after allowance to correct an additional error (or errors), the reissue applicant must comply with 37 CFR 1.312 in the manner discussed above.

1445 Reissue Application Examined in Same Manner as Original Application

As stated in 37 CFR 1.176, a reissue application, including all the claims therein, is subject to "be examined in the same manner as original applications." Accordingly, the claims in a reissue application are subject to any and all rejections which the examiner deems appropriate. It does not matter whether the claims are identical to those of the patent or changed from those in the patent. It also does not matter that a rejection was not made in the prosecution of the patent, or could have been

made, or was in fact made and dropped during prosecution of the patent; the prior action in the prosecution of the patent does not prevent that rejection from being made in the reissue application. Claims in a reissue application enjoy no "presumption of validity." *In re Doyle*, 482 F.2d 1385, 1392, 179 USPQ 227, 232-233 (CCPA 1973); *In re Sneed*, 710 F.2d 1544, 1550 n.4, 218 USPQ 385, 389 n.4 (Fed. Cir. 1983). Likewise, the fact that during prosecution of the patent the examiner considered, may have considered, or should have considered information such as, for example, a specific prior art document, does not have any bearing on or prevent its use as prior art during prosecution of the reissue application.

1448 Fraud, Inequitable Conduct, or Duty of Disclosure Issues

The Office no longer investigates and rejects reissue applications under 37 CFR 1.56. The Office will not comment upon duty of disclosure issues which are brought to the attention of the Office in reissue applications except to note in the application, in appropriate circumstances, that such issues are no longer considered by the Office during its examination of patent applications. Examination as to the lack of deceptive intent requirement in reissue applications will continue but without any investigation of fraud, inequitable conduct, or duty of disclosure issues. Applicant's statement in the reissue oath or declaration of lack of deceptive intent will be accepted as dispositive except in special circumstances such as an admission or judicial determination of fraud, inequitable conduct, or violation of the duty of disclosure.

ADMISSION OR JUDICIAL DETERMINATION

An admission or judicial determination of fraud, inequitable conduct, or violation of the duty of disclosure is a special circumstance, because no investigation need be made. Accordingly, after consulting with the Group Special Program Examiner, a rejection should be made using the appropriate one of form paragraphs 14.21.09 or 14.22 as reproduced below.

Any admission of fraud, inequitable conduct or violation of the duty of disclosure must be explicit, unequivocal, and not subject to other interpretation. Where a rejection is made based upon such an admission (see form paragraph 14.22 below) and applicant responds with any reasonable interpretation of the facts that would not lead to a conclusion of fraud, inequitable conduct or violation of the duty of disclosure, the rejection should

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be withdrawn. Alternatively, if applicant argues that the admission noted by the examiner was not in fact an admission, the rejection should also be withdrawn.

Form Paragraph 14.21.09 should be used where the examiner becomes aware of a judicial determination of fraud, inequitable conduct or violation of the duty of disclosure on the part of the applicant **independently of the record of the case**, i.e., the examiner has external knowledge of the judicial determination.

Form Paragraph 14.22 should be used where, in the application record, there is (a) an explicit, unequivocal admission by applicant of fraud, inequitable conduct or violation of the duty of disclosure which is not subject to other interpretation, or (b) information as to a judicial determination of fraud, inequitable conduct or violation of the duty of disclosure on the part of the applicant. External information which the examiner believes to be an admission by applicant should never be used by the examiner, and such external information should never be made of record in the application.

¶ 14.21.09 Rejection, 35 U.S.C. 251, No Error Without Deceptive Intention — External Knowledge

Claims [1] rejected under 35 U.S.C. 251 since error "without any deceptive intention" has not been established. In view of the judicial determination in [2] of [3] on the part of applicant, a conclusion that any error was "without deceptive intention" cannot be supported. [4]

Examiner Note:

1. In bracket 1, list all claims in the reissue application.
2. In bracket 2, list the Court or administrative body which made the judicial determination of fraud or inequitable conduct on the part of applicant.
3. In bracket 3, insert -- fraud --, -- inequitable conduct -- and/or -- violation of duty of disclosure --.
4. In bracket 4, point out where in the opinion (or holding) of the Court or administrative body the judicial determination of fraud, inequitable conduct or violation of duty of disclosure is set forth. Page number, column number, and paragraph information should be given as to the opinion (or holding) of the Court or administrative body. The examiner may add explanatory comments.

¶ 14.22 Rejection, 35 U.S.C. 251, No Error Without Deceptive Intention — Evidence in the Application

Claims [1] rejected under 35 U.S.C. 251 since error "without any deceptive intention" has not been established. In view of Paper No. [2], filed [3], a conclusion that any error was "without deceptive intention" cannot be supported.

[4]

Examiner Note:

1. In bracket 1, list all claims in the reissue application.
2. In bracket 2, insert the paper number providing an admission of fraud, inequitable conduct or violation of duty of disclosure, or that there was a judicial determination of same.
3. In bracket 3, insert the filing date of the paper.
4. In bracket 4, insert a statement that there has been an admission or a judicial determination of fraud, inequitable conduct or violation of duty of disclosure which provide circumstances why applicant's statement in

the oath or declaration of lack of deceptive intent should not be taken as dispositive. Any admission of fraud, inequitable conduct or violation of duty of disclosure must be explicit, unequivocal, and not subject to other interpretation.

See MPEP § 2012 for additional discussion as to fraud, inequitable conduct or violation of duty of disclosure in a reissue application.

1449 Protest Filed in Reissue Where Patent Is in Interference

If a protest is filed in a reissue application related to a patent involved in a pending interference proceeding, the reissue application should be referred to the Special Program Law Office (SPLO) before considering the protest and acting on the application.

The SPLO will check to see that:

(A) all parties to the interference are aware of the filing of the reissue; and

(B) the Office does not allow claims in the reissue which are unpatentable over the pending interference count(s), or found unpatentable in the interference proceeding.

1449.01 Concurrent Office Proceedings

37 CFR 1.565(d) provides that if "a reissue application and a reexamination proceeding on which an order pursuant to 37 CFR 1.525 has been mailed are pending concurrently on a patent, a decision will normally be made to merge the two proceedings or to stay one of the two proceedings." If an examiner becomes aware that a reissue application and a reexamination proceeding are both pending for the same patent, he or she should inform the Group Special Program Examiner immediately.

Where a reissue application and a reexamination proceeding are pending concurrently on a patent, *and an order granting reexamination has been issued* for the reexamination proceeding, the files for the reissue application and the reexamination will be forwarded to the Office of the Deputy Assistant Commissioner for Patent Policy and Projects for a decision whether to merge the reissue and the reexamination, or stay one of the two. See *In re Onda*, 229 USPQ 235 (Comm'r Pat. 1985). See also MPEP § 2285.

If the original patent is involved in an interference, the examiner must consult the administrative patent judge in charge of the interference before taking any action on the reissue application. It is particularly important that

1442 Special Status

All reissue applications are taken up "special," and remain "special" even though applicant does not respond promptly.

All reissue applications, except those under suspension because of litigation, will be taken up for action ahead of other "special" applications; this means that all issues not deferred will be treated and responded to immediately. Furthermore, reissue applications involved in "litigation" will be taken up for action in advance of other reissue applications.

1442.01 Litigation Related Reissues

During initial review, the examiner should determine whether the patent for which the reissue has been filed is involved in litigation, and if so, the status of that litigation. If the examiner becomes aware of litigation involving the patent sought to be reissued during examination of the reissue application, and applicant has not made the details regarding that litigation of record in the reissue application, the examiner, in the next Office action, will inquire regarding the specific details of the litigation.

Form paragraph 14.06 may be used for such an inquiry.

14.06 Litigation Related Reissue

The patent sought to be reissued by this application [1] involved in litigation. Any documents and/or materials which would be material to patentability of this reissue application are required to be made of record in response to this action.

Due to the related litigation status of this application, EXTENSIONS OF TIME UNDER THE PROVISIONS OF 37 CFR 1.136(a) WILL NOT BE PERMITTED DURING THE PROSECUTION OF THIS APPLICATION.

Examiner Note:

In bracket 1, insert either —is— or —has been—.

If the additional details of the litigation appear to be material to examination of the reissue application, the examiner may make such additional inquiries as necessary and appropriate.

Where there is litigation, and it has not already been done, the examiner should place a prominent notation on the application file to indicate the litigation (1) at the bottom of the face of the file in the box just to the right of the box for the retention label, and (2) on the pink Reissue Notice Card form.

Applicants will normally be given 1 month to reply to Office actions in all reissue applications which are being examined during litigation, or after litigation had been stayed, dismissed, etc., to allow for consideration of the reissue by the Office. This 1-month period may be extended only upon a showing of *clear justification* pursuant to 37 CFR 1.136(b). The Office action will inform applicant that the provisions of 37 CFR 1.136(a) are not available. Of course, up to 3 months may be set for reply if the examiner determines such a period is clearly justified.

1442.02 Concurrent Litigation

In order to avoid duplication of effort, action in reissue applications in which there is an indication of concurrent litigation will be suspended automatically unless and until it is evident to the examiner, or the applicant indicates, that any one of the following applies:

- (A) a stay of the litigation is in effect;
- (B) the litigation has been terminated;
- (C) there are no significant overlapping issues between the application and the litigation; or
- (D) it is applicant's desire that the application be examined at that time.

Where any of (A) – (D) above apply, form paragraphs 14.08–14.10 may be used to deny a suspension of action in the reissue, i.e., to deny a stay of the reissue proceeding.

¶ 14.08 Action in Reissue Not Stayed — Related Litigation Terminated

Since the litigation related to this reissue application is terminated and final, action in this reissue application will NOT be stayed. Due to the related litigation status of this reissue application, EXTENSIONS OF TIME UNDER THE PROVISIONS OF 37 CFR 1.136(a) WILL NOT BE PERMITTED.

¶ 14.09 Action in Reissue Not Stayed — Related Litigation Not Overlapping

While there is concurrent litigation related to this reissue application, action in this reissue application will NOT be stayed because there are no significant overlapping issues between the application and that litigation. Due to the related litigation status of this reissue application, EXTENSIONS OF TIME UNDER THE PROVISIONS OF 37 CFR 1.136(a) WILL NOT BE PERMITTED.

¶ 14.10 Action in Reissue Not Stayed — Applicant's Request

While there is concurrent litigation related to this reissue application, action in this reissue application will NOT be stayed because of applicant's request that the application be examined at this time. Due to the related litigation status of this reissue application, EXTENSIONS OF TIME UNDER THE PROVISIONS OF 37 CFR 1.136(a) WILL NOT BE PERMITTED.

Where none of (A) through (D) above apply, action in the reissue application in which there is an indication of concurrent litigation will be suspended by the examiner. The examiner should consult with the Group Special Program Examiner prior to suspending action in the reissue. Form paragraph 14.11 may be used to suspend action, i.e., stay action, in a reissue application with concurrent litigation.

¶ 14.11 Action in Reissue Stayed — Related Litigation

In view of concurrent litigation, and in order to avoid duplication of effort between the two proceedings, action in this reissue application is STAYED until such time as it is evident to the examiner that (1) a stay of the litigation is in effect, (2) the litigation has been terminated, (3) there are no significant overlapping issues between the application and the litigation, or (4) applicant requests that the application be examined.

If the reissue application has been merged with a reexamination proceeding, the merged proceeding generally will not be stayed where there is litigation. In a merged reexamination/reissue proceeding, the reexamination will control because of the *statutory* (35 U.S.C. 305) requirement that reexamination proceedings be conducted with special dispatch. See MPEP § 2285 and § 2286.

1442.03 Litigation Stayed

All reissue applications, except those under suspension because of litigation, will be taken up for action ahead of other “special” applications; this means that all issues not deferred will be treated and responded to immediately. Furthermore, reissue applications involved in “stayed litigation” will be taken up for action in advance of other reissue applications. Great emphasis is placed on the expedited processing of such reissue applications. The courts are especially interested in expedited processing in the Office where litigation is stayed.

In reissue applications with “stayed litigation,” the Office will entertain petitions under 37 CFR 1.183, which are accompanied by the fee under 37 CFR 1.17(h), to waive the 2-month delay period under 37 CFR 1.176. Such petitions are decided by the Office of the Deputy Assistant Commissioner for Patent Policy and Projects.

Time-monitoring systems have been put into effect which will closely monitor the time used by applicants, protestors, and examiners in processing reissue applications of patents involved in litigation in which the court has stayed further action. Monthly reports on the status of reissue applications with related litigation are required from each Examining Group. Delays in reissue

processing are to be followed up. The Group Special Program Examiner is responsible for oversight of reissue applications with related litigation.

The purpose of these procedures and those deferring consideration of certain issues, until all other issues are resolved or the application is otherwise ready for consideration by the Board of Patent Appeals and Interferences (note MPEP § 1448), is to reduce the time between filing of the reissue application and final action thereon, while still giving all parties sufficient time to be heard.

Requests for stays or suspension of action in reissues where litigation has been stayed may be answered with Form Paragraph 14.07.

¶ 14.07 Action in Reissue Not Stayed — Related Litigation Stayed

While there is concurrent litigation related to this reissue application, action in this reissue application will NOT be stayed because a stay of that litigation is in effect for the purpose of awaiting the outcome of these reissue proceedings. Due to the related litigation status of this reissue application, EXTENSIONS OF TIME UNDER THE PROVISIONS OF 37 CFR 1.136(a) WILL NOT BE PERMITTED.

1442.04 Litigation Involving Patent

Where the patent for which reissue is being sought is, or has been, involved in litigation which raised a question material to patentability of the reissue application, such as the validity of the patent, the existence of such litigation must be brought to the attention of the Office by the applicant. This should be done at the time of, or shortly after, filing the application, either in the reissue oath or declaration, or in a separate paper, preferably accompanying the application as filed. Litigation begun after filing of the reissue application also should be promptly brought to the attention of the Office. The details and documents from the litigation, insofar as they are “material to patentability” of the reissue application as defined in 37 CFR 1.56(b), should accompany the application as filed, or be submitted as promptly thereafter as possible. For example, the defenses raised against validity of the patent would normally be “material to patentability” of the reissue application. It would, in most situations, be appropriate to bring such defenses to the attention of the Office by filing in the reissue application a copy of the Court papers raising such defenses. As a minimum, the applicant should call the attention of the Office to the litigation, the existence and nature of any allegations having a bearing on the validity of the original patent, and the nature of litigation materials relating to these issues. Enough information should be submitted to clearly in-

form the Office of the nature of these issues so that the Office can intelligently evaluate the need for asking for further materials in the litigation. Thus, the existence of supporting materials which may substantiate allegations of invalidity should, at least, be fully described, or submitted. The Office is not interested in receiving voluminous litigation materials which are not relevant to the Office's consideration of the reissue application. The status of the litigation should be updated in the reissue application as soon as significant events happen in the litigation.

When a reissue application is filed, the examiner should determine whether the original patent has been adjudicated by a court. The decision of the court, and also other papers in the suit, may provide information essential to the examination of the reissue. The patented file will contain notices of the filing and termination of infringement suits on the patent. Such notices are required by law to be filed by the clerks of the Federal District Courts. These notices do not indicate if there was an opinion by the court, nor whether a decision was published. *Shepard's Federal Citations* and the cumulative digests of the *United States Patents Quarterly*, both of which are in the Lutrelle F. Parker, Sr., Memorial Law Library (located in Crystal Park 1-520), contain tables of patent numbers giving the citation of published decisions concerning the patent. A litigation computer search by the Scientific and Technical Information Center (STIC) should be requested by the examiner to determine whether the patent has been, or is, involved in litigation. The "Search Notes" box on the application file wrapper can then be completed to indicate that the review was conducted. A copy of the STIC search should be hole-punched and placed in the reissue file. Additional information or guidance as to making a litigation search may be obtained from the library of the Office of the Solicitor.

Where papers are not otherwise conveniently obtainable, the applicant may be requested to supply copies of papers and records in suits, or the Office of the Solicitor may be requested to obtain them from the court. The information thus obtained should be carefully considered for its bearing on the proposed claims of the reissue, particularly when the reissue application was filed in view of the holding of a court.

If the examiner becomes aware of litigation involving the patent sought to be reissued during examination of the reissue application, and applicant has not made the

details regarding that litigation of record in the reissue application, the examiner, in the next Office action, should inquire regarding the same. Form paragraph 14.06 may be used for such an inquiry. See MPEP § 1442.01.

If the additional details of the litigation appear to be material to patentability of the reissue application, the examiner may make such additional inquiries as necessary and appropriate.

1442.05 Cases in Which Stays Were Considered

Federal District Courts stay litigation in significant numbers of cases to permit consideration of a reissue application by the Office. Several exemplary cases are listed here for the convenience of the Office, the courts and the public.

In most instances, the reissue-examination procedure is instituted by a patent owner who voluntarily files a reissue application as a consequence of related patent litigation. However, some District Courts have required a patentee-litigant to file a reissue application, for example:

Alpine Engineering Inc. v. Automated Building Components Inc., BNA/PTCJ 367: A-12 (S.D. Fla. 1978);

Lee-Boy Mfg. Co. v. Puckett, 202 USPQ 573 (D. Ga. 1978);

Choat v. Rome Industries Inc. 203 USPQ 549 (N.D. Ga. 1979).

Other courts have declined to so order, for example:

Bielomatik Leuze & Co., v. Southwest Tablet Mfg. Co., 204 USPQ 226 (N.D. Texas 1979);

RCA Corp. v. Applied Digital Data Systems Inc., 201 USPQ 451 (D. Del. 1979);

Antonious v. Kamata-Ri & Co. Ltd., 204 USPQ 294 (D. Md. 1979).

Only a patentee or his assignee may file a reissue patent application. An order for a different party to file a reissue will not be binding on the Office.

1442.05(a) Stays Granted

"Stays" of court or administrative proceedings in litigation were ordered in the following sampling of published decisions.



US00RE36066E

United States Patent

[19]

[11] E

Patent Number: Re. 36,066

Mueller et al.

[45] Reissued Date of Patent: *Jan. 26, 1999

[54] USE OF SELECTED ESTER OILS IN
DRILLING FLUIDS AND MUDS

[75] Inventors: Heinz Mueller, Dusseldorf;
Claus-Peter Herold, Mettmann;
Stephan von Tapavicza, Dusseldorf, all
of Germany; Douglas J. Grimes,
Stonehaven, Scotland; Jean-Marc
Braun, Luxembourg, Luxembourg;
Stuart P. T. Smith, Kincardineshire,
Scotland

[73] Assignees: Henkel KGaA, Dusseldorf, Germany;
Barold Limited, London, England

[*] Notice: The portion of the term of this patent
subsequent to Mar. 16, 2001, has been
disclaimed.

[21] Appl. No.: 506,458

[22] Filed: Aug. 1, 1995

Related U.S. Patent Documents

Reissue of:

[64] Patent No.: 5,232,910
Issued: Aug. 3, 1993
Appl. No.: 759,097
Filed: Sep. 6, 1991

U.S. Applications:

[63] Continuation of Ser. No. 452,457, Dec. 18, 1989, aban-
doned.

[30] Foreign Application Priority Data

Dec. 19, 1988 [DE] Germany 3842659

[51] Int. Cl.⁶ C09K 7/02

[52] U.S. Cl. 507/138; 507/140

[58] Field of Search 507/138, 140

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[57] ABSTRACT

Invert emulsion muds for drilling of gas and oil, which are
environmentally safe, and which contain:

- a continuous oil phase composed predominantly of at
least one monocarboxylic acid ester of a C₂-C₁₂ mono-
functional alkalol wherein the monocarboxylic acid
contains from 16 to 24 carbon atoms and is olefinically
mono- or poly-unsaturated,
- a disperse aqueous phase,
- at least one emulsifier,
- at least one weighing agent,
- at least one fluid loss additive, and
- a mild alkaline reserve.

42 Claims, No Drawings

093315796-050601